

**LAKE COUNTY**  
**IMPACT FEE / CAPITAL FACILITIES ADVISORY COMMITTEE**  
**MEETING MINUTES - May 26, 2011**

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**County Commission Liaison:** Commissioner Sean Parks, District 2

**Members Present:** Davis Talmage, Banking and Finance  
Bill Benham, Agricultural Industry Representative  
Linda Nagle, Home Builders Association of Lake County  
Carol MacLeod, Lake County Schools  
John Buxman, Chamber of Commerce  
Jim Richardson, League of Cities  
Jeffrey Banker, Citizen at Large  
Alan Winslow, Citizen at Large

**Staff Present:** David Heath, Deputy County Manager  
Erin Hartigan, Assistant County Attorney  
Jim Stivender, Jr., Director of Public Works Department  
T.J. Fish, Executive Director, Lake-Sumter MPO  
Angi Thompson, Development Processing Manager  
Phyllis Hegg, Assistant to Jim Stivender

**Citizen Present:** Vance Jochim

Chairman Talmage called the meeting to order at 9:45 a.m. and noted that the meeting had been duly advertised. He asked for a motion to approve the minutes of the May 12, 2011 Impact Fee/Capital Facilities Advisory Committee meeting.

***MOTION was made by Mr. Jeffrey Banker and SECONDED by John Buxman to approve the May 12, 2011 minutes of the Lake County Impact Fee Committee. Motion carried.***

**Old Business:** No old business was discussed.

**New Business:** Three members of the Lake County Transportation Alternative Funding Task Force were present and Mr. Talmage gave each of the members present (Bennett Walling, Bud Beucher and Duane Booth) an opportunity to introduce themselves.

**Mr. Walling** - Began the discussion on the final report that was submitted by the Transportation Alternative Funding Task Force. Mr. Walling said that their determination was that Lake County citizens do not pay anything toward road improvements or Public Works, very minimal amount except for what they pay in taxes, so all funding comes from Impact Fees. The development that peaked about four years ago, all those developments that came in and added tax to Lake County, none of that tax was being used to support any of the road systems, except for the one-time, lump sum, Impact Fee.

So, you take a development that was put in (mall, shopping center) that went in that were paying big taxes, the only thing the County received was Impact Fees for Public Works toward 504, the rest of it went to General Revenue. We made recommendations for a reallocation of funds so that at some point those monies start going towards Public Works instead of going toward the General Fund, that was taking away most of the funding for Public Works, that was taken away when the Gas Tax came in. When fuel was .95 a gallon it was two or three cents a gallon, and now at \$4.00 a gallon it is still the same amount – it just hasn't kept up with growth.

The funding for Public Works has gone disproportionately down compared to everything else except for the Impact Fee. Take for example the Sam's Club in The Villages; it is served by city water, city sewer, and city emergency services. Basically, it doesn't cost the County anything to operate that system. The amount of money that the County needs in order to have that particular business operating in Lake County is negligent. All the property taxes that Sam's Club pays yearly goes to general revenue. People are driving from other areas to get to the facility and utilizing the roads and none of those taxes are being used to fund roads.



**Mr. Beucher** - We need to realize that as citizens we pay nothing through our Ad Valorem Taxes for the maintenance, care and custody of our roads. We heard elected officials and the media say that new growth doesn't pay its fair share. The truth is that new growth pays for its share; it also pays for my share as a lifetime citizen here in Lake County. An example of a road that is worn out, when it was built, it was 19-feet wide. Jim Stivender decides it needs to be replaced; the new standard is 24-feet wide with a bicycle lane and perhaps a turn lane. Someone in the County government says that if we do that, we will be able to put more cars on the road than we did before when it was 19-feet wide, which makes it a capacity enhancement project, we can charge new growth 100% of the cost of rebuilding that road from the ground up. That's not right, I should be paying for the roads I drive on every day, and not "kicking the can down the road" and charging someone else.

When we looked at the formula to determine how Impact Fees were created (and we never did get the formula) what we understand is this – as we add revenues to the formula, the impact fee dollar amount declines. Mr. Winslow needed clarification – Mr. Beucher – if I put 8% of my general revenue into Impact Fees, or into my roads, the Impact Fee will be less than if I put zero from my general revenue into roads? Because we literally put virtually nothing into our roads, guess what you end up with? 100% reliance on Impact Fees to maintain roads you have driven on your entire life. What we did was look back historically and said that government use to spend 8% of its Ad Valorem Taxes on the care, custody and enhancement of roads and new construction. We felt that especially in these difficult times, and you have to reference from here, if you go back to that point in time and say that the first year and you extrapolate it to today, at that time if you took population and the CPI that growth was about 175%, if you went back to that year and you took government expenditures (Lake County only) it grew 475%.

When you look at that, there is no one in the room that can say that the government doesn't make money. When population and CPI goes up 175% and government spending goes up 475% there is money in the budget. What has happened is that we found a place to spend it. Landscaping here, retirement there, new cars there, whatever it is, there is money in the budget. What we decided was that government has a primary role and it is items such as safety, roads, infrastructure like sewer/water, things like that, everything else was an accoutrement. What we said was that the County needed to begin a process of allocating 2% annually out of their general revenue until they got to the point in a 4-year period where they had reallocated 8% for roads. That makes me as a citizen of Lake County, pay for my share of roads. It didn't mean that I was going to get a tax increase, because if you go from 175%, and you compare it to government spending of 475%, government has plenty of money. That was our point of view.

To Bennett's point, commercial doesn't burden government services. Let's take the first five year's existence of the Sam's Club (example) and let's allocate 100% of the Ad Valorem Taxes for the first five year's towards roads. At the end of five years, put it in the general revenue and spend it as you see fit. We were adamant that no citizen should have a tax increase until government got its act together. Including things like, what goes into a road? Is a road a road? Or is a road a road with a wall, decorative lighting and sidewalks and parks and landscaping? We thought a road was a road. If someone wants to pay for those other things it should not be part of an Impact Fee.

**Duane Booth** - We went through a ton of information in preparing the report. Sharing information on a project he did in Groveland where it is an 18-foot wide road and they wanted it widened to 24-foot wide with 2-foot shoulders and sidewalk. Technically, under the transportation design guideline that does increase capacity because it makes people feel more comfortable to drive the speed it was designed for. On a real narrow road, when you are passing each other you tend to slow down. Was there enough traffic on the road to warrant widening the road? No. Basically the Impact Fee money is being used for rebuilding that road.

We are using the road and now we are finding a way to use Impact Fees to rebuild the road. Sure it needs to be widened; sure some Impact Fees should be allocated to it for the percentage of trips that would increase.



If you increase traffic potential from 1,000 trips a day to 1,500 trips a day, then Impact Fees should pay for 1/3 of the road. The Transportation Alternative Funding Task Force also talked about user fees. Do we grab the extra 2-cents on the gas tax? Some counties around us are using all of their gas tax – we are not. When the Impact Fees came in, we took the 8% away. Impact Fees cannot do the same thing that the 8% could do.

What Impact Fees in theory really should pay for is development and the new growth, but we are robbing from the Impact Fees and found a way to supplement rebuilding the road. Another shocking thing is that it would take 200 years under current conditions to get enough money to repave all the streets in Lake County. Another shocking thing is that the County maintains streets that go through cities. Only 1/6 of sales tax comes to Public Works for roads. Most cities are taking their 1/3 and not doing anything with roads, they are depending on the County's 1/6 of that to go toward the roads. The County needs to look at what really is a County road versus what is a City road, and give the maintenance of those roads to the cities. Have them spend their portion of the sales tax for roads. We need to go back to the health, safety and welfare of the public especially in tough economic times, someone may want a dog park, but what is more important, taking care of our basic needs or a dog park for a few. If there is money left over, then the money can go to parks, etc.

Mr. Walling advised that he asked the members of the Transportation Alternative Funding Task Force how many people on the Task Force realized that none of our Ad Valorem Taxes went towards Public Works, none of us realized that we not paying anything toward it. How many of you realize that none of your property taxes go toward Public Works? Some of our standards may be a little too high.

We are not in favor of increasing gas tax until we get the budget squared away. Bud added that when Duane talked about the cities annexing property on the right side of the road and the left side of the road, but do not annex the road. So they get the benefit of the taxes on the right side of the road and the left side of the road, with none of the burden in the middle. The cities need to take the lead, and the cities and the County need to learn to work together to create efficiency.

Each of the members of the CFAC introduced themselves at the request of Bud Beucher. Mr. Talmage stated that it was his understanding that the Transportation Alternative Funding Task Force asked for a Budget Assessment Committee, do we have anything like that, or has it ever been discussed? Commissioner Parks stated that we do not have such a thing, and specifically for Public Works. Bud advised that they had volunteered when Cindy Hall was the County Manager to go out and get stakeholders (tax payers), for profit businesses that have gone through these tough times, and put them to work to help find ways to change the way government does business here in Lake County. To try to get a reset on what you spend and what you spend it on and taxes. Unfortunately, I don't think it got any traction.

Commissioner Parks stated that the final answer rests with the County Commission, and that it is extremely important to make sure we are efficient as possible and reducing our redundancies. When using the term "zero based budgeting approach", I don't use it lightly. Mr. Walling stated that he felt that the ones least qualified to create the County budget are the ones being paid to create that budget. It is difficult for staff to make decisions that are best for the general population. That is why we were thinking that having a private sector volunteer group look at the budget would be a tremendous benefit to the County and the taxpayers of the County.

Commissioner Parks stated having citizens, businessmen and women involved in the way we do efficiency operational audits is very important. He stated that the CFAC is probably going to look at prioritization. He expressed his appreciation to Mr. Walling, Mr. Beucher and Mr. Booth for taking the time to come in and share information with them, and the time that they spent three years ago. The Commission needs to show leadership and act on some of what you have already talked about and hopefully if there are any new recommendations that this Committee has as well.



Mr. Talmage advised that they would go through the options and review each one. Mr. Winslow stated that it seems how could we rely on Impact Fees on these years and that is the difference between private business and government. In business you always prepare for the worst case scenario. In your consideration were you aware that the gas tax was going to expire? Bud advised that it was in their report.

Mr. Booth advised that he went to a Home Builders Association meeting and they mentioned a 1% or ½% tax on the sale of homes and doing away with Impact Fees. For re-sales and new homes, a 1% or ½% tax would generate a lot more money than Impact Fees. Mr. Beucher stated that we should not look at some type of increase, because the government does not go on the diet that it needs to go on.

Ms. MacLeod advised that the Impact Fee Committee spent a great deal of time reviewing the Transportation Alternative Funding Task Force's report and went through the suggestions individually. We made suggestions off the report to go forward to the BCC and I don't think they ever got to the Commission or were even discussed. Mr. Booth advised that option one was just cutting cost, and not just Public Works. We must have the core first and core must be funded and in good times we can do the "fluff".

Angi Thompson advised that the Impact Fee consultant would be coming to meet with the Committee will go into more detail on what was in the Transportation Alternative Task Force report. Ms. Macleod advised that the report is going to come back with a suggested increase and that is not going to be acceptable. Commissioner Parks said he hopes the Commissioners will act on the report that this Committee submits.

Jim Stivender interjected that we went through a difficult time from December of 2008 until the fall of 2009. Everything that had anything to do with not a cut was not talked about. Any report had anything innovative in it was not talked about. T.J. advised that the report was on the BCC agenda, but it was not quite the presentation that had originally been conceived. It did lead to another agenda item which was to discuss the second local option gas tax. The morning of the BCC meeting, the local newspaper quoted two Commissioners saying they were against it. The Chairman of the BCC said there was no need to discuss the issue since the Commissioners were already quoted as not supporting it.

Mr. Walling stated that their Task Force felt that Public Works needed to be funded without Impact Fees. We were looking at alternative means that did not involve Impact Fees because they cease to exist. Public Works needs to reallocate the money they already have because unless you want to go forward with a new tax, and that will probably not happen, there is not going to be any more money. That is why we were proposing the reallocation of the Ad Valorem Tax for new construction. Mr. Winslow thinks the County needs to prioritize the budget before the committee can go much further, which will drive what the Committee does. Mr. Richardson shared with the group about a furniture store in Leesburg that someone wanted to use as a medical center, and the impact from going from a furniture store to a medical center the transportation impact fee would be \$78,000.00.

T.J. Fish began discussing the options outlined in the TATF report that was submitted to the BCC. How you are generating those public dollars, are they going to the purpose the public anticipated? We shouldn't be adding capacity until you are able to maintain what is already out there. We have regional County roads that serve as the network to all of the County roads. Roads the cities should have taken over and then unpaved roads. Under the current funding structure, Public Works is really only capable with funding available to do turn lanes, and signals on regionally significant roads, otherwise funds just go for maintenance on the minor County roads. The MPO Plan adopted in 2005 had a lot of four lane and six lane County roads. The new plan does not have any six lane County roads because we just don't have the funds.

Mr. Talmage advised that we have covered the first option which is prioritizing. Mr. Stivender provided a handout on gas tax and asphalt cost to the Committee they had previously requested. Mr. Stivender advised that this is what Public Works has dealt with since 2005 forward.



Even when the revenue stopped in 2005, the demand for services did not. The report shows all gas tax the County receives - all ten cents. The reports were discussed.

T.J. outlined option #2 - feasibility of this option is completely relative to property values. Mr. Winslow said your priorities today may be one thing, but if revenue is down another 10% next year, and continues to go down 10% a year for the next several years, you must plan for a worst case scenario. Mr. Beucher said if you thought you might only drop 10%, you might say, keep this program. If you thought your revenue was going to drop 30%, the best way is to cut it today and save two more years of that revenue. You must cut it hard today to make it the best cut you can make.

T.J. outlined option #3 - municipal role. The municipalities, because of their dependence on Impact Fees, never use any other funding sources for any of the regionally significant County roads that run through their cities. Option #3 has to be focused on for internal efficiency issues. Why roads are still County maintained when they are surrounded by city houses? The option was discussed.

Ms. Nagle asked if the cities and the County are on the same page today as far as road funding, who does what and where? Or are we still fighting this battle? That some cities will annex and let the County take care of the road. Jim Stivender advised that he met with city managers several weeks ago with a proposal of transferring 108-miles of roads to the cities. T.J. advised that Sumter County has adopted a policy that if it is on the MPO map as regionally significant, and it is a County road, it stays County period. If it is not on that map and the city annexes 51% of that roadway, it becomes the responsibility of the cities. T.J. said that it would be a good idea for the Committee to invite the City Managers to a meeting.

T.J. outlined option #4 – county-wide Ad Valorem. Can you earmark what is being collected as normal Ad Valorem? There are some implementation and collection issues that would need to be worked through. The intent is that commercial has that attractor impact – those trips all originate at someone's house. The option was discussed. Any implementation of 4a and 4B – it takes away from the current pot of money and reprioritizes the transportation – so other things get cut – that is the effect of 4a and 4b. 5a and 5b – these are special district approaches. The countywide one, you had to go back to the municipality role. It gets into creating a municipal service taxation unit. It gives a fund to do capital or maintenance. Options should be included if it is in lieu of 5A. If you can't get it done with municipalities on board, it is not suggesting doing both 5a and 5b.

T.J. - Option #6 – requires the BCC to take action. As this group looks at the impact fee, let's not forget that the one that was suspended was adopted in 2001. Option was discussed.

T.J. – fuel taxes – the Task Force at the time focused on second local option gas as a maintenance option, but the discussion since this report has second local option gas tax as a possibility for capacity or maintenance. This is statutorily enabled; Lake County has adopted everything but the ability to do up to five cents. It can be done one penny at a time, all at once, or not at all. The projections have waffled, it was at the time in the five to six million dollar range.

When it comes to fuel taxes, the concept at the federal level, state level and local level is this is as close to a user fee as you are going to get apart from tolling. It could go to the voters, and also an option that can go before the Board of County Commissioners, not the fourteen municipalities, but must be adopted by a supermajority vote. The second local option tax is the most doable of all of the options in this current year (that is just an assessment). We have some others expiring (2014, 2015 and 2016) 2 cents, 2 cents and 2 cents expiring that will all have to be renewed, if they are going to be renewed in those years. That is the first local option gas tax which is a renewal issue.

The second local option as tax is a new tax issue. Mr. Benham asked why the gas tax is only on gasoline and not on diesel. Mr. Stivender responded that is how legislators wrote it. T.J. interjected that Lake County collects three times the gas tax of Sumter County, but Sumter collects double the diesel taxes of Lake County. Jim Stivender advised that Lake County is reliant on through traffic.


T.J. outlined option number 8 the private sector needs to partner, not just home builders. We have nothing to work with because the Impact Fees have been suspended, which means we cannot broker deals? Transportation concurrency is going away so now it is up to local law to at least force developers to mitigate their impacts.

T.J. outlined option number 9 which is a "catch-all". There are user fees, tools and a municipal service benefit unit (creating a district specifically to pay for the improvements inside that district). T.J. discussed the vehicle miles traveled program. Sales tax is split three ways, between the County, cities and School District. At the County level it is split into 1/6 for buildings and 1/6 for Public Works. However, it does sunset in 2017. Maybe there are some options on how the County and cities can partner and maybe there needs to be discussion about the School District's role in that sales tax. In Seminole County, their penny sales tax goes 100% to transportation (not just roads). The only two "bang" for your buck funding sources is sales tax and Ad Valorem. T.J. handed out a letter from the MPO Advisory Council for the Committee to review.

Mr. Talmage advised T.J. that he would have the Committee take the report and read and discuss it at a later meeting. Vance Jochim commented the Sheriff's Office and Constitutional Offices had not been giving their share in reducing costs, and the County has been taking all of the hits.

Mr. Talmage adjourned the meeting at 11:45 am.

Respectfully submitted,

  
Phyllis Hegg  
Assistant to Jim Stivender

  
Davis Talmage  
IF/CFAC Chairman